

DISPATCH		CLASSIFICATION S-E-C-R-E-T	DISPATCH SYMBOL AND NO. NEW 8776
TO INFO	Chief of Base, Frankfurt Chief of Station, Germany		HEADQUARTERS FILE NO. 75-6-65/1 CS COPY
FROM	Chief, SR	DATE 21 MAY 1959	
SUBJECT	REDWOOD Baltic Project Administration - FY 1959 Obligations		RE: "43-3" - (CHECK "X" ONE) <input type="checkbox"/> MARKED FOR INDEXING <input type="checkbox"/> NO INDEXING REQUIRED
ACTION REQUIRED	For information.		DECLASSIFIED AND RELEASED BY CENTRAL INTELLIGENCE AGENCY SOURCES METHOD EXEMPTION 3B2B NAZI WAR CRIMES DISCLOSURE ACT DATE 2007
REFERENCE(S)	A. NEW 1361, 13 March 1959 B. NEW 8325, 5 February 1959		
<p>1. We appreciate your comments on the knotty problem of the management of the Baltic FI projects. It is a complicated situation and we are not at all sure that we have hit upon the best solution to the problem. However, before replying to Reference A, we would like to set the record straight on two matters. First, Reference A implies that the approach to project management outlined in Reference B is applicable to all SR Division projects. In fact, the proposals set forth in Reference B apply only to those Baltic projects which are the responsibility of Frankfurt Operations Base. Reference B was not meant to nor should it be construed to apply to any other projects or programs besides the ones specifically mentioned. In the same way the discussions in this dispatch will apply only to Baltic FI projects run by FCB.</p> <p>2. Second, paragraph 3 of Reference A is correct in pointing out a contradiction. However, at the time that Reference B was written, Project ANSCHLUS had not yet been finally approved. When a functional project exists, it should be charged.</p> <p>3. The scheme of Baltic project management, on which the proposals in Reference B are based, was worked out by the Division with the responsible branch of the senior staff. We believed such a scheme was necessary because the Baltic EA's, such as [redacted], ANSCHLUS/1, [redacted], etc., were engaged in many activities besides Baltic operations. It had become more and more difficult to justify fairly large costs by Baltic REDWOOD operations when few results were apparent. We knew that FCB thought very highly of some of these agents, and so we examined the available evidence to reconcile this discrepancy. The answer appears to lie in the fact that the agents were working in many other activities. The obvious solution is to consider the agents as FCB assets and to pay their maintenance expenses through support projects. In cases where the agent is spending more time on SR activity, we believe that the project should be turned over to that division. In regard to paragraph 2 of Reference A, we have tried to narrow the purpose of the Baltic projects to include little more than supporting expenses. We feel that in this way we will be able to evaluate more realistically the complete effectiveness of a given Baltic principal agent.</p> <p>4. Reference A indicates that there will be large increases in the expenditure of SOV/OSA when all the new Baltic projects are prepared. If the increase is too great, it may indicate that there is too much activity still in the developmental stage and that it might be worthwhile to review each developmental activity with a view to dropping the marginal and converting the productive into regularized projects. If, for example, there is enough continuing bona fide Baltic REDWOOD activity you may wish to prepare a field project outline for a Baltic REDWOOD project. If this could also result in a thorough evaluation of the potential in West Germany for Baltic REDWOOD operations, we would all gain thereby.</p>			
7 May 1959			
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